

(translation)

Sumitomo Metal Industries, Ltd.

Consolidated Interim Financial Statements

Consolidated Interim Balance Sheet, as of September 30, 2003 (Unaudited)

Assets:



82-3507

	Millions of yen	Thousands of U.S. dollars
<b>Current assets:</b>	¥	\$
Cash and time deposits	646,890	5,812,128
Notes and accounts receivable	106,572	957,525
Marketable securities	177,463	1,594,454
Inventories	205	1,839
Other	290,173	2,607,125
Allowance for doubtful accounts	72,719	653,362
	(242)	(2,177)
<b>Fixed assets:</b>	1,429,476	12,843,456
<b>Property, plant and equipment, at cost:</b>	1,078,104	9,686,470
Buildings and structures	267,046	2,399,338
Machinery and equipment	401,133	3,604,070
Land	352,855	3,170,302
Other	57,070	512,760
<b>Intangibles:</b>	9,897	88,928
<b>Investments and other assets:</b>	341,475	3,068,058
Investment securities	224,030	2,012,848
Other	118,927	1,068,526
Allowance for doubtful accounts	(1,482)	(13,316)
<b>Deferred assets:</b>	62	556
<b>Total</b>	¥ 2,076,428	\$ 18,656,140

SUPPL

PROCESSED

JAN 29 2004

THOMSON  
FINANCIAL

Ilw 1/22

(translation)

**Consolidated Interim Balance Sheet, as of September 30, 2003 (Unaudited)**

**Liabilities and Shareholders' Equity:**

	Millions of yen	Thousands of U.S. dollars
<b>Current liabilities:</b>	¥ 876,762	\$ 7,877,469
Notes and accounts payable	157,783	1,417,641
Short-term borrowings	499,069	4,483,995
Current portion of long-term debt	107,099	962,255
Other	112,811	1,013,578
<b>Long-term liabilities and reserves:</b>	831,370	7,469,629
Bonds	176,600	1,586,703
Long-term borrowings	559,842	5,030,025
Liability for employees' retirement benefits	28,530	256,335
Reserve for rebuilding furnaces	4,228	37,983
Other	62,170	558,583
<b>Total liabilities</b>	<b>1,708,132</b>	<b>15,347,098</b>
<b>Minority interests</b>	<b>18,559</b>	<b>166,749</b>
<b>Capital</b>	<b>262,072</b>	<b>2,354,648</b>
<b>Capital surplus</b>	<b>61,830</b>	<b>555,525</b>
<b>Accumulated deficit</b>	<b>(3,602)</b>	<b>(32,367)</b>
<b>Land revaluation surplus</b>	<b>17,063</b>	<b>153,307</b>
<b>Net unrealized gain on available-for-sale securities</b>	<b>15,282</b>	<b>137,304</b>
<b>Foreign currency translation adjustments</b>	<b>(2,715)</b>	<b>(24,390)</b>
<b>Treasury stock at cost</b>	<b>(193)</b>	<b>(1,734)</b>
<b>Total shareholders' equity:</b>	<b>349,737</b>	<b>3,142,293</b>
<b>Total</b>	<b>¥ 2,076,428</b>	<b>\$ 18,656,140</b>

**Consolidated Interim Statement of Income (Unaudited)****(For the six months ended September 30, 2003)**

	Millions of yen	Thousands of U.S. dollars
<b>Recurring profit and loss</b>		
<b>Operating income and expenses:</b>		
<b>Revenues:</b>	¥ 550,161	\$ 4,943,047
Sales	550,161	4,943,047
<b>Cost and expenses:</b>	(504,152)	(4,529,667)
Cost of sales	(443,046)	(3,980,646)
Selling, general and administrative expenses	(61,106)	(549,021)
<b>Operating profit</b>	46,009	413,380
<b>Non-operating income and expenses:</b>		
<b>Non-operating income:</b>	3,936	35,368
Interest and dividend income	2,833	25,462
Other	1,103	9,906
<b>Non-operating expenses:</b>	(20,523)	(184,396)
Interest expense	(11,719)	(105,290)
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,593)	(14,317)
Other	(7,211)	(64,789)
<b>Recurring profit</b>	29,422	264,352
<b>Non-recurring loss</b>	(11,496)	(103,296)
Provision for employees' retirement benefit	(3,628)	(32,603)
Loss resulting from business reorganization	(5,023)	(45,133)
Loss on disposal of property, plant and equipment and other assets	(2,845)	(25,560)
<b>Income before income taxes and minority interests</b>	17,926	161,056
<b>Income taxes:</b>	(2,394)	(21,504)
Current	(1,106)	(9,934)
Deferred	(1,288)	(11,570)
<b>Minority interests</b>	(9)	(79)
<b>Net income</b>	¥ 15,523	\$ 139,473

**Consolidated Interim Statement of Cash Flows (Unaudited)**  
**(For the six months ended September 30, 2003)**

	Millions of yen	Thousands of U.S. dollars
<b>Operating activities:</b>		
Income before income taxes and minority interests	¥ 17,926	\$ 161,056
Adjustments for:		
Depreciation and amortization	39,914	358,609
Interest and dividend income	(2,834)	(25,462)
Interest expense	11,719	105,290
Equity in losses of unconsolidated subsidiaries and associated companies	1,593	14,317
Changes in assets and liabilities-		
Decrease in receivables	17,545	157,635
Increase in inventories	(8,585)	(77,132)
Decrease in payables	(4,618)	(41,489)
Other, net	16,886	151,719
Net cash provided by operating activities	89,546	804,543
<b>Investing activities:</b>		
Interest and dividends received	3,646	32,758
Acquisition of property, plant and equipment and other assets	(24,936)	(224,040)
Other, net	8,923	80,171
Net cash used by investing activities	(12,367)	(111,111)
<b>Financing activities:</b>		
Interest paid	(11,888)	(106,809)
Decrease in short-term bank loans and long-term debt	(71,344)	(641,010)
Other, net	(8,881)	(79,792)
Net cash used in financing activities	(92,113)	(827,611)
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	(184)	(1,652)
<b>Net decrease in cash and cash equivalents</b>	(15,118)	(135,831)
<b>Cash and cash equivalents at beginning of period</b>	121,712	1,093,553
<b>Cash and cash equivalents at end of period</b>	¥ 106,594	\$ 957,722

The above represents a translation, for convenience only, of the original report issued in Japanese language.